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Activity Report
to the Public Accountants Council For The Province of Ontario
For the Period Ended October 31, 2007

Pursuant to s. 18(6) of the Standards of the Public Accountants Council for the Province of Ontario

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	2007
Licence Activity For the Period Ending October 31, 2007	
Total Number of Licences - Beginning of Period (October 31, 2006)	**10263**
Add: **Licences Granted in Period**	
i) Members not previously licenced	94
ii) Members permitted to practice public accounting in other jurisdictions of Canada	17
iii) Members permitted to practice public accounting outside Canada	6
iv) Members re-licenced who were licensees	
- Members who met the minimum criteria	41
- Members who did not meet the minimum criteria per Appendix E	0
	158
	10421
Less: **Licenses Removed in Period**	
Licences revoked - membership status	-25
Licences revoked - Discipline	0
Licences revoked - Expired or Resigned	-1648
Licences revoked - Deceased	-26
Suspended Licences (Fees or Discipline)	-38
	-1737
Total Number of Licences at October 31, 2007	**8684**
Applications for licence – licence not granted	**5**

Activity Report
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	2007
Firms Authorized to Practise Public Accounting at October 31, 2007	
Partnerships	861
Professional Corporations	835
Sole Practitioner Licensees	1896
Total Firms Authorized - at October 31, 2007	3592

Activity Report
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	2007
Complaints Analysis - Licensees as at October 31, 2007	
Total number of ongoing complaints - Beginning of Period	**48**
Add:	
Complaints Received by Professional Conduct Committee in Period	87
Total Number of Complaints for the Period (New & Ongoing)	135
Less:	
Complaints dismissed with no further action in period	-32
Complaints referred to discipline committee in period	-12
Complaints dismissed with an admonishment issued in period	-47
	91
Total Number of Ongoing Complaints as at October 31, 2007	**44**
Note: Two of the 44 complaints have been ongoing for more than one year.	
Discipline Committee Analysis - Licensees as at October 31, 2007	
Open referrals to discipline committee - Beginning of Period	**8**
Add:	
Complaints referred to discipline committee during the period	12
Less: Decisions rendered by discipline committee during the period - by finding	
Finding - Not guilty of professional misconduct	-1
Finding - Guilty of professional misconduct - Summary of Sanctions per Appendix A	-15
Finding - Guilty of professional misconduct - Stayed by appeal	-3
Open referrals to Discipline Committee - at October 31, 2007	**1**

Activity Report
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	2007
Appeal Committee Analysis - Licensees as at October 31, 2007	
Open requests for appeal - Beginning of Period	2
Add:	
Requests for appeal received during the period	1
Less: Decisions rendered by appeal committee during the period - by finding	
Finding - Discipline Committee decision upheld - Summary of Sanctions per Appendix B	-2
Finding - Discipline Committee decision varied - Summary of Sanctions per Appendix B	-1
Open Requests for Appeal - at October 31, 2007	0

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Applications for Judicial Review Analysis - Licensees as at October 31, 2007

	2007
Open applications for Judicial Review - Beginning of Period	0
Add:	
Applications for Judicial Review made during the period - Summary of Grounds per Appendix C	0
Less:	
Judicial Review Completed in the period - Summary of Outcomes per Appendix C	0
Open Judicial Review Matters - at October 31, 2007	0

Activity Report
to the Public Accountants Council For The Province of Ontario
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	2007
Students Admitted to Membership During the Period who Completed the Basic Requirements for Licensing Qualification	
Licence granted	27
Licence not granted (did not complete Additional Requirements for licensing)	1
Did not apply for a licence	738
	766
Students and Candidates in The Public Accounting Training Program Leading to Qualification for Licensing at October 31, 2007	4276
Total Students Enrolled in Program - at October 31, 2007	4276

Listing of Accounting Bodies in Jurisdictions Outside Canada Having Substantially Equivalent Standards

The Hong Kong Institute of Certified Public Accountants
The Institute of Chartered Accountants of Australia
The Institute of Chartered Accountants in England and Wales
The Institute of Chartered Accountants in Ireland
The Institute of Chartered Accountants of New Zealand
The Institute of Chartered Accountants of Scotland
The Institute of Chartered Accountants of South Africa
The Japanese Institute of Certified Public Accountants
The Institute des Reviseures d'Enterprises de Belgique
The Netherlands Institute of Register Accountants
Order des experts comptables et des comptables agréés, France
The Instituto Mexicano de Contadores Publicos
U.S. State Boards of Accountancy which exempt Ontario CAs from writing final AICPA examination

Appendix A

DISCIPLINE SANCTIONS IMPOSED FOR PERIOD ENDED OCTOBER 31, 2007							
	Ronald N. Perryman	Sidney F. Wilner	Robert G.A. Mann	Thomas Yorke Ricketts	Robert Ernest Greer	Thomas W. Yanush	Robert James Hall
Suspension From Membership	x	x					
Expulsion From Membership							
Suspension of Licence	Licence expired prior to hearing	Licence expired prior to hearing					
Revocation of Licence							
Suspension of Authorization to Practise							
Revocation of Authorization to Practise							
Limitations to Practise Imposed							
Period of Supervision							
Re-investigation Ordered				x			
Prescribed PD or Other Courses or Successful Completion of Examinations		x	x	x			
Fine	x	x	X	x	x	x	x
Reprimand	x	x	X	x	x	x	x
Other Sanctions - Specify							
Costs	x	x	X	x	x	x	x

DISCIPLINE SANCTIONS IMPOSED FOR PERIOD ENDED OCTOBER 31, 2007 (CONTINUED)

	Joel David Menaker	Michael George Perris	Kerry W. Butler	Ghulam M. Malik	Nasir Hasan	Claudio Russo	J. Douglas Barrington
Suspension From Membership	x – failure to comply with order			x	x		
Expulsion From Membership							
Suspension of Licence	x – failure to comply with order			x	x		
Revocation of Licence							
Suspension of Authorization to Practise							
Revocation of Authorization to Practise							
Limitations to Practise Imposed							
Period of Supervision				x			
Re-investigation Ordered				x			
Prescribed PD or Other Courses or Successful Completion of Examinations	x	x	X	x	x		
Fine	x	x	X	x	x	x	x
Reprimand	x	x	X	x	x	x	x
Other Sanctions - Specify		Cooperation with PCC investigation		Newspaper publication		Newspaper publication	Newspaper publication
Costs	x	x	X	x	x	x	x

DISCIPLINE SANCTIONS IMPOSED FOR PERIOD ENDED OCTOBER 31, 2007 (CONTINUED)

	Edwin V. Pyne						
Suspension From Membership							
Expulsion From Membership							
Suspension of Licence							
Revocation of Licence	Licence expired prior to hearing						
Suspension of Authorization to Practise							
Revocation of Authorization to Practise							
Limitations to Practise Imposed							
Period of Supervision							
Re-investigation Ordered							
Prescribed PD or Other Courses or Successful Completion of Examinations							
Fine							
Reprimand							
Other Sanctions - Specify	Permitted to resign with full publicity						
Costs							

Appendix B

Summary of Appeals For The Period Ended October 31, 2007

Case Name:	Brian Michael Cloney, CA
Summary of Discipline Panel Findings:	Found not guilty of charge under Rule 201.1 and guilty of charge under Rule 205 of presenting agreement to sell shares when Mr. Cloney did not have such shares to sell. Mr. Cloney was fined $10,000, charged costs of $30,000, and suspended from membership for twelve months.
Appellant:	Brian Michael Cloney, CA
Grounds For Appeal:	That Discipline Committee erred in finding member guilty of Charge 1 and delay in issuing reasons created apprehension that reasons do not reflect real basis for conviction on Charge 1. Discipline committee erred in imposing costs pursuant to Statutory Powers Procedure Act.
Cross-appeal:	Professional Conduct Committee
Grounds For Cross-appeal:	That Discipline Committee erred in concluding there was not clear, compelling, cogent evidence to support finding of guilt on Charge 2. That Discipline Committee misapplied principles of sentencing and imposed sentence outside of appropriate range in Charge 1.
Summary of Appeal Decision:	Appeal Committee allows Mr. Cloney's appeal with respect to the decision of the Discipline Committee and finds Mr. Cloney not guilty of charge No. 1, and the Appeal Committee dismisses the cross-appeal of the Professional Conduct Committee and upholds the decision of the Discipline Committee with respect to charge No. 2 of not guilty.

Appendix B

Summary of Appeals For The Period Ended October 31, 2007

Case Name:	Thomas Edward Appleton, CA
Summary of Discipline Panel Findings:	Found guilty of Rule 204.2 charge. Mr. Appleton conducted a review of financial statements of a company while holding an 8% share for which he received dividends. Mr. Appleton was fined $2,000 and charged costs of $5,000.
Appellant:	Thomas Edward Appleton, CA
Grounds For Appeal:	That the Discipline Committee misconstrued the *Rules of Professional Conduct* in general and Rule 204.2 in particular in finding Mr. Appleton guilty of the appearance of impaired professional judgment or objectivity for reviewing the financial statements of a company while holding 8% of the shares in that company
Summary of Appeal Decision:	The appeal panel upheld the Decision and Order of the Discipline Committee.

Appendix B

Summary of Appeals For The Period Ended October 31, 2007

Case Name:	Michael George Perris, CA
Summary of Discipline Panel Findings:	Found guilty of charge under Rule 203.2. Mr. Perris failed to provide full information requested by investigator acting on behalf of Professional Conduct Committee. Mr. Perris was fined $4,000, charged costs of $7,500.
Appellant:	Michael George Perris, CA
Grounds For Appeal:	That the Discipline Committee erred in considering whether documents required by and not provided to Professional Conduct Committee were relevant to the investigation. That the Discipline Committee erred in refusing to consider the issue of limitation due to time elapsed since events allegedly occurred. That the fine and costs ordered are excessive.
Summary of Appeal Decision:	The appeal panel upheld the Decision and Order of the Discipline Committee.

Appendix C

Summary of Applications For Judicial Review For The Period Ended October 31, 2007

There were no applications for judicial review during the period..

Changes Made to Regulatory Statute, Bylaws, Rules, Regulations, Policies, Procedures for the Period ended October 31, 2007

* *document attached*

Summary of Statutory Amendments

There were no statutory amendments in the period.

Summary of Bylaw Changes

October 31, 2006

- Council passes amendments to bylaws to reflect various provisions of the Standards for public accounting adopted by the Public Accountants Council for the Province of Ontario pursuant to the *Public Accounting Act, 2004*.

December 14, 2006

- Council passes amendments to bylaws to provide authority to the Professional Conduct Committee to negotiate settlement agreements, after the conclusion of a full investigation and upon the identification of apparent misconduct and the preparation of charges and for the Discipline Committee to either approve or not approve the settlements.

February 23, 2007

- Council passes amendments to amend and clarify provisions of Bylaw 801 Mandatory Continuing Professional Development Requirement and various other bylaws.

See attached summary and Bylaws of 2007*.

Summary of Rule Changes

There were no Rule of Professional Conduct changes in the period.

Summary of Regulation Changes

October 31, 2006

- Council amends the *Mandatory Professional Liability Insurance Regulation** to provide for maximum allowable deductible amounts and to prescribe the insurance requirements for CA licensees who provide public accounting services without reward.

November 23, 2006

- Council amends the *Mandatory Professional Liability Insurance Regulation** to increase the minimum coverage amounts that must be maintained by members, firms and professional corporations effective as of January 1, 2008;
- Council repeals the Regulation on the Use of the Designation "Certified Public Accountant" or the Initials "CPA".

Summary of Policy Changes

January 31, 2007

- The Institute's Council adopted criteria* for licensing eligibility for use pending the Public Accountants Council's adoption of criteria for practising public accounting in a substantive way (PAC Council Guideline No. 4, adopted on October 23, 2007).

March 19, 2007

- Approval of criteria for determining when a lead engagement partner must be licensed pending the PAC's adoption of a guideline.

The lead engagement partner must be licensed as a public accountant in Ontario when

(a) the engagement is datelined (the report is issued in) Ontario; or

(b) the work or procedures for the engagement(s) is or are primarily performed in Ontario.

(PAC Council Guideline No. 2 adopted on May 22, 2007)

Summary of Procedure Changes

November 14, 2006

- Approval of application forms and experience certification forms for members applying for licences and applications forcertificates of authorization by professional corporations.

March 31 2007

- Grace period for licence renewals extended to April 14, 2007

October 31, 2007

- Grace period for licence renewals extended to November 14, 2007

BYLAWS of 2007

FIRST BYLAW OF 2007

Explanatory Note:

The First Bylaw of 2007 amends various bylaws to permit students registered with the Institute to complete their prescribed practical experience outside of public accounting and to qualify for admission to membership and for use of the CA designation after also successfully completing the Institute's education and examination requirements and passing the UFE. The changes will enable the Council to adopt regulations to eliminate the mandatory assurance and audit hours for candidates for CA qualification whose interests lie outside assurance, to provide such candidates with the option of obtaining experience in other areas such as performance measurement and reporting; finance; taxation; management decision-making; governance, strategy and risk management. The amended provisions also expand the kinds of work environments where CA student experience may be obtained to include other organizations that have met the training criteria prescribed by the Council and have been approved by the Council for the training of CA students. The definition of "organization" in Bylaw 103(2), which currently reads, "'organization' includes corporation, company, society, association, firm or similar body", is amended so that it also includes any department or division of a government or a Crown corporation, agency, board or commission established by or pursuant to statute.

The First Bylaw of 2007 also amends Bylaw 401 to clarify that the basic education requirement for registration as a student is a degree from a degree granting institution of higher education or such other educational standing or qualification that the Council deems to be equivalent to such a degree. The definition of degree granting institution of higher education is the same as the definition that appears in the Standards adopted by the Public Accountants Council under the Public Accounting Act, 2004.

The amendments to the Institute's bylaws contained in the First Bylaw of 2007 were adopted by Council on June 20, 2006 and pursuant to s. 8(2) of the Chartered Accountants Act, 1956 have continued in effect until approved by the members at the 2007 Annual General Meeting. Pursuant to the provisions of Bylaw 247, the amendments to Bylaws 302 and 356 contained in the First Bylaw of 2007 require approval of at least two-thirds of the votes cast by members.

IT IS HEREBY ENACTED as the First Bylaw of 2007 of **THE INSTITUTE OF CHARTERED ACCOUNTANTS OF ONTARIO** (hereinafter called "the Institute") as follows:

1. Bylaw 103 (Definitions) is amended, in clauses (23) and (26), as follows:

103 Definitions

In these bylaws:

(23) "organization" includes corporation, company, society, association, firm or similar body **as well as any department or division of a government or a Crown corporation, agency, board or commission established by or pursuant to statute**;

(26) "practising ~~member~~ **office**" means **an office of** a member**, firm or professional corporation** ~~who is~~ engaged in the practice of public accounting ~~and includes member employees of practising members~~; for student registration purposes, and subject in that regard to such conditions as may be stipulated by the Council from time to time, "practising ~~member~~ **office**" also includes members holding the office of Auditor General of Canada or of Auditor General of Ontario ~~and member employees in their offices~~;

2. Bylaw 263 (Applications Committee) is amended in clause (4)(c) as follows:

263 Applications committee

(4) The applications committee may act on behalf of the Council in:

(c) considering

(i) applications for admission to membership under Bylaw 302 ~~where competence to practice public accountancy~~ **that** must be determined by means of a hearing where, prior to making application for admission or readmission, the applicant has

(aa) been convicted of any criminal or similar offence, or

(bb) pled guilty to or been found guilty of a criminal offence but been discharged absolutely or upon conditions prescribed in a probation order,

under any Act of the Parliament of Canada, or of the legislature of any province of Canada, or under the laws or ordinances of any territory of Canada, or under the laws of any jurisdiction outside Canada; or

(ii) applications for reinstatement to membership under Bylaw 361; or

(iii) applications for readmission to membership under Bylaws 351(1) or 352 referred to it pursuant to Bylaw 356; or

(iv) matters referred to the committee for determination under Bylaws 358, 359 or 360.

3. Bylaw 302 (Admission to membership) is amended in clause 1 as follows:

302 Admission to membership

(1) The membership committee may by resolution admit to membership in the Institute any applicant for whom it has received satisfactory evidence of competence to practise ~~public accounting~~ **as a chartered accountant** and of good moral character, including documentation of any finding made pursuant to Bylaws 263 or 601 by the applications committee or the appeal committee, as the case may be, provided such applicant is:

4. Bylaw 356 (Applications committee hearings – applications for readmission) is amended in clause (3) as follows:

356 Applications committee hearings

(3) Factors to be considered in decision

In arriving at its decision, the applications committee shall have regard to such circumstances as it may deem appropriate, which may include

(a) the information contained in the declaration required to be filed pursuant to Bylaw 355,

(b) conduct during the time that the applicant was a member which was not investigated by the professional conduct committee because it was reported after the applicant resigned, or was terminated or expelled from membership,

(c) whether the applicant is of good moral character,

(d) whether the applicant is competent to practise as a chartered accountant,

~~(d)~~**(e)** whether the applicant is competent to carry on the practice of public accounting, **if the applicant has also applied to be licensed as a public accountant,** and

~~(e)~~**(f)** where appropriate, the extent to which the applicant has fulfilled the terms of the order of the discipline or appeal committee.

5. In Bylaw 401 (Requirements for registration as a student) clauses (1) and (3) are amended and clause (5) is repealed and a new clause (5) is added, as follows:

401 Requirements for registration as a student

(1) Any person ~~residing in the Province of Ontario~~ who is recommended **as being of good moral character** by

(a) a partner or **shareholder or** the sole practitioner of ~~an~~ **practising** office**, or**

(b) a member of the Institute who has responsibility for the training and supervision of the person in an organization that has been approved for the training of students pursuant to Bylaw 407 ~~as being of good moral character~~ and who for the purpose of securing practical experience is employed to perform the duties of a student in such office may apply to be registered or re-registered as a student.

(3) Notwithstanding the general provisions of these bylaws respecting registration, an applicant may apply to be registered as a student on a conditional basis and the Council may accept ~~practical public~~ accounting experience secured by any such applicant while so registered as meeting in whole or in part the practical experience requirements of the Institute, provided such applicant produces satisfactory evidence as follows:

(a) that he or she is enrolled in a program of combined academic studies and practical experience approved by the Council and leading to a degree at a ~~university in Ontario~~ **degree granting institution of higher education**; or

(b) that he or she is enrolled in studies leading to a degree at a ~~university designated by the Council~~ **degree granting institution of higher education** and concurrently is employed on a full-time basis in an office approved for the training of students pursuant to Bylaw 407.

~~(5) The minimum educational requirement for registration as a student adopted as regulations by the Council and any amendments thereto shall be published by circular to all members promptly after the adoption thereof but shall not have force and effect until approved at the next annual meeting or a special general meeting called for that purpose.~~

(5) The minimum education requirement for registration as a student is a degree from a degree granting institution of higher education or such other educational standing or qualification that the Council deems to be equivalent of a degree from a degree granting institution of higher education. "Degree granting institution of higher education" means a post-secondary academic institution that is a member of the Association of Universities and Colleges of Canada or the Association of Canadian Community Colleges or the equivalent national association in another country that is fully accredited by the appropriate regulatory authorities in Canada or the other country to grant degrees, and is recognized by the Council; new universities or colleges not yet eligible for membership in the associations noted above may also be considered if they are established to the satisfaction of the Council to be substantially equivalent to an institutional member of such associations.

6. Bylaw 404 (Practical experience requirements) is amended in clause (1) as follows:

404 Practical experience requirements

(1) Every student registered with the Institute shall as a prerequisite to admission to membership in the Institute complete, in one or more **practising** offices **or organizations that has or have been** approved pursuant to Bylaw 407 for the training of students, a period of ~~public accounting~~ **practical** experience of an amount and nature prescribed by the Council.

7. Bylaw 406 (Practising members' responsibilities re: employment of students) is re-titled and amended as follows:

406 ~~Practising members' responsibilities~~ Responsibilities re: employment of students

(1) Every practising ~~member or firm~~ **office** employing one or more students **and every member who as an employee of an organization approved pursuant to clause (4)(b) has responsibility for the supervision and training of one or more students employed by the organization** is responsible for giving such practical experience and instruction and for affording such opportunities as are necessary to enable each student to acquire the art, skill, science and knowledge of a chartered accountant.

(2) Every practising ~~member or firm~~ **office** employing one or more students **and every member who as an employee of an organization approved pursuant to clause (4)(b) has responsibility for the supervision and training of one or more students employed by the organization** shall maintain

records showing, in reasonable detail, the disposition of each student's time while so ~~engaged,~~ **employed and** the type of work allocated to him or her ~~and the rate of pay received by him or her~~.

(3) The practice inspection committee shall have the power to make whatever investigation it deems necessary, including an inspection of the books and records of the ~~member or firm~~ **practising office**, to satisfy itself that the **practising office** ~~member or firm~~ is complying with the requirements of this bylaw.

(4) **The Council may**

(a) **designate any person to make whatever investigation is deemed necessary in accordance with the policies and procedures adopted by the Council to determine whether an organization meets the standards prescribed by the Council to be qualified to employ students; and**

(b) **upon review of a report made by the person pursuant to clause (a) above, approve an organization to employ students.**

8. Bylaw 407 (Approval of offices for training students) is amended in clause (1) as follows:

407 Approval of offices and organizations for training students

(1) No ~~member or firm shall offer, or permit the offer of employment to, or permit the employment of, any person who intends or is required to apply for registration or re-registration as a student, and no such~~ person shall be registered or re-registered **as a student unless,**

(a) **in the case of a person who has been offered employment with or is employed by a practising office,** ~~unless the in which the person is to be employed has been approved by~~

(i) the practice inspection committee **has approved the office** (such approval to be effected in advance of any offer or transfer of employment, as the case may be) as being qualified to give him or her proper practical experience and instruction; or

~~(b)~~**(ii)** if as a result of such registration or re-registration the total number of students employed in such **practising** office would exceed three for each member in such office or such lesser number of students as may be set by the practice inspection committee in particular cases; students who have completed the required period of prescribed practical experience and have written the ~~final examination~~ **Uniform Evaluation or the former Uniform Final Examination** shall be excluded in determining the number of students permitted~~.~~**;**

(b) **in the case of a person who has been offered employment with or is employed by an organization,**

(i) **the Council has approved the organization (such approval to be effected in advance of any offer or transfer of employment, as the case may be) as being qualified to give him or her proper practical experience and instruction; or**

(ii) if as a result of such registration or re-registration the total number of students employed in such organization would exceed the maximum number of students that the Council has determined may be employed with the organization; students who have completed the required period of prescribed practical experience and have written the Uniform Evaluation or the former Uniform Final Examination shall be excluded in determining the number of students permitted.

SECOND BYLAW OF 2007

Explanatory note:

The Second Bylaw of 2007 amends the bylaws of the Institute relating to the licensing of members to practise public accounting to reflect various provisions of the Standards of the Public Accountants Council for the Province of Ontario that have been adopted pursuant to the Public Accounting Act, 2004. Other amendments update or clarify various provisions of the public accounting bylaws.

The primary change reflected in the amendments is the establishment of mandatory current competency requirements that must be completed by any member who holds a licence or applies to obtain a licence and has not engaged in the practice of public accounting in any substantive way within five years prior of the date of renewal of his or her licence or making application for a licence. Accordingly,

- *any member who does not hold a public accounting licence is subject to the current competency requirement and must fulfill such requirement prior to becoming eligible to obtain a public accounting licence;*
- *any member who held a public accounting licence on March 31, 2007 and is not engaged in the practice of public accounting in a substantive way will continue to be eligible to renew the licence after that date but will become subject, under a transitional provision, to the current competency requirement and will have to satisfy the Institute of having fulfilled that requirement by not later than December 31, 2011 in order to continue to hold a licence thereafter.*

Members who held a public accounting licence on March 31, 2007 and are engaged in the practice of public accounting in a substantive way will not be subject to fulfilling the current competency requirement before December 31, 2011 provided that they remain engaged in the practice of public accounting. Such members, however, will remain subject to complying with the mandatory professional development requirements of Bylaw 801.

Other parts of the Second Bylaw of 2007 amend various bylaws relating to the Institute's disciplinary process and the Appeal Committee to ensure consistency with provisions set out in the Standards adopted by the Public Accountants Council.

IT IS HEREBY ENACTED as the Second Bylaw of 2007 of **THE INSTITUTE OF CHARTERED ACCOUNTANTS OF ONTARIO** (hereinafter called "the Institute") as follows:

SECTION I OF THE SECOND BYLAW OF 2007

The amendments to the Institute's bylaws contained in Section I of the Second Bylaw of 2007 were adopted by Council on June 20, 2006 and pursuant to s. 8(2) of the Chartered Accountants Act, 1956 have continued in effect until approved by the members at the 2007 Annual General Meeting.

900 PUBLIC ACCOUNTING LICENSING

Note: In this section of the bylaws, "the practice of public accounting" has the meaning given to it in the *Public Accounting Act, 2004*.

901 Public accounting licence required

(1) **Public accounting licence**

Every member engaged in the practice of public accounting as defined in the *Public Accounting Act, 2004* shall hold a public accounting licence issued by the Institute pursuant to the *Public Accounting Act, 2004* ~~by the Institute~~.

(2) **Certificate of authorization**

Every professional corporation engaged in the practice of public accounting as defined in the *Public Accounting Act, 2004* shall hold a certificate of authorization to practise public accounting issued by the Institute pursuant to the *Public Accounting Act, 2004* ~~by the Institute~~.

902 Eligibility for a public accounting licence

~~Every~~ A member is entitled to be licensed as a public accountant pursuant to the *Public Accounting Act, 2004* if the member:

(1) applies for a public accounting licence and pays such fees as are prescribed by the Council;

(2) meets the qualifications established by the Council to become licensed as a public accountant; ~~and~~

(3) provides evidence satisfactory to the Council that he or she is of good character.; and

(4) (a) has engaged in the practice of public accounting in a substantive way within the immediate past five years; or

(b) has not engaged in the practice of public accounting in a substantive way within the immediate past five years and has successfully completed:

(i) not more than 36 months prior to the date of application, a period of at least 12 months of public accounting services under the supervision of a licensee who has provided the Institute with a certificate of such completion; and

(ii) any course or courses prescribed by the Council and an updating examination(s) or evaluation(s) on:

(aa) the accounting and assurance standards set out in the *CICA Handbook – Accounting* and *CICA Handbook – Assurance*;

(bb) the rules of professional conduct;

(cc) taxation; and

(dd) business law.

906 Renewal of licence

(1) **Entitlement to renewal**

Subject to the provisions of clauses (3), (4), (5) and (6), a ~~Every~~ member who holds a public accounting licence is entitled to have his or her licence renewed prior to its expiry date if prior to that date the member:

(a) applies for the licence renewal and pays the renewal fees as prescribed by the Council; and

(b) meets all other requirements for renewal as may be stipulated by the Council.

(2) **Failure to renew**

In the event a member does not renew his or her public accounting licence he or she must apply pursuant to Bylaw 902 for a new public accounting licence and cease practising public accounting until such new licence is issued.

(3) Public accounting not practised within past five years

A licensee shall not be eligible to renew a licence if, within the immediate past five years, the licensee has not engaged in the practice of public accounting in a substantive way.

(4) Demonstration of current competency

A licensee to whom clause (3) is applicable shall, as a condition to be met prior to being eligible or the issuance of a new licence:

(a) have successfully completed, not more than 36 months prior to the date of application, a period of at least 12 months of public accounting services under the supervision of a licensee who has provided the Institute with a certificate of such completion; and

(b) have successfully completed any course or courses prescribed by the Council and an updating examination(s) or evaluation(s) on:

(i) the accounting and assurance standards set out in the *CICA Handbook – Accounting* and *CICA Handbook – Assurance*;

(ii) the rules of professional conduct;

(iii) taxation; and

(iv) business law.

(5) Commencement date for five-year period

The five-year period specified in clause (3) commences on January 1, 2007.

(6) Licence suspended or revoked by another designated body

Despite provisions of this bylaw, a member shall not be eligible to renew a licence if the member held a licence issued under the *Public Accounting Act, 2004* issued by another authorized designated body and such licence was suspended or revoked and not reinstated by that other authorized designated body.

911 **Public accounting licensing committee**

(1) The public accounting licensing committee shall consist of such members of the Council, including a chair and one or more public representatives on the Council, as are appointed by the Council.

915 Disclosure of licence or authorization to practise public accounting

(1) A licensee, when providing any accounting or assurance services in respect of a financial statement, or of any part of a financial statement or any statement attached to a financial statement, shall disclose in any written statement, opinion or report, the fact that the person is licensed as a public accountant by use of the term "Licensed Public Accountant" following the licensee's name and the designation "Chartered Accountant" or the initials "CA".

(2) A professional corporation that holds a certificate of authorization to practise public accounting, when providing any accounting or assurance services in respect of a financial statement, or of any part of a financial statement or any statement attached to a financial statement, shall disclose in any written statement, opinion or report, the fact that the professional corporation holds a certificate of authorization by use of the words "Authorized to practice public accounting by the Institute of Chartered Accountants of Ontario".

(3) A firm, when providing any accounting or assurance services in respect of a financial statement, or of any part of a financial statement or any statement attached to a financial statement, shall disclose in any written statement, opinion or report, the fact that the firm is a public accounting practice by the use of the term "Licensed Public Accountants" following the designation "Chartered Accountants".

916 Consent to disclosure of information and documentation

Each licensee, partnership or professional corporation authorized to practise public accounting, by applying for licensing, registration or authorization, or by continuing or renewing the licence, registration or authorization shall consent and shall be deemed to consent for all purposes to the release of any and all information and documentation in the possession, under the control or within the power of the licensee, partnership or professional corporation to the Institute and to the Public Accountants Council for the Province of Ontario for the purpose of enabling either or both of them to carry out their respective responsibilities and functions pursuant to the *Public Accounting Act, 2004* and the Standards adopted in accordance with the provisions of that Act, and for the purposes of enabling the Institute to carry out its responsibilities and functions pursuant to the *Chartered Accountants Act, 1956* and the bylaws and rules of the Institute.

917 Institute disciplinary authority continues if licence suspended, revoked or terminated

Any person or entity whose licence or certificate of authorization is suspended, revoked or terminated under the provisions of the bylaws shall continue to be subject to the disciplinary powers of the Institute as fully and to the same extent as if such rights and privileges and licence or certificate had not been suspended, revoked or terminated for any act, omission, matter or thing which may constitute or involve a violation of the bylaws, regulations, Institute policies or the rules of professional conduct.

SECTION II OF THE SECOND BYLAW OF 2007

The amendments to the Institute's bylaws contained in Section II of the Second Bylaw of 2007 were adopted by Council on October 31, 2006 and pursuant to s. 8(2) of the Chartered Accountants Act, 1956 have continued in effect until approved by the members at the 2007 Annual General Meeting.

1. New Bylaw 918 (Mandatory registration with the Canadian Public Accountability Board) is introduced as follows:

918 Mandatory registration with the Canadian Public Accountability Board

(1) Each licensee, partnership or professional corporation authorized to practise public accounting that issues, or seeks to be authorized to issue, audit reports on financial statements of any reporting issuer as defined in the Ontario *Securities Act* shall be registered with the Canadian Public Accountability Board, shall be subject to the rules and oversight of the Board and shall be inspected by the Board in respect of the performance of such engagements.

(2) All licensees, partnerships and professional corporations who are participants pursuant to a participation agreement entered into with the Canadian Public Accountability Board for the purpose of that Board's Auditor Oversight Program established under the Canadian Securities Administrators National Instrument 52-108, *Auditor Oversight*,

(a) agree and shall be deemed for all purposes to agree with the Institute to be bound by the terms and conditions of the participation agreement, and

(b) consent and shall be deemed for all purposes to consent to the release of any and all information and documentation by the Institute to the Board for the purposes of enabling the Board to carry out its functions pursuant to its participation agreement with the member or firm, and its mandate pursuant to the *Memorandum Of Understanding Between The Canadian Public Accountability Board And The Institute Of Chartered Accountants Of Ontario.*

2. Bylaw 530 (Discipline Committee) is amended in clauses (2), (3) and (6) as follows:

530 Discipline committee

(2) A formal hearing before the discipline committee shall be heard and determined by a panel of not fewer than ~~five~~ three members of the discipline committee, provided that one member of the panel shall be a public representative and, if the member charged holds a public accounting licence, one member of the panel shall hold a public accounting licence.

(3) **Committee sanctions**

After a hearing the discipline committee shall find the member, student, firm or professional corporation guilty or not guilty of a charge. If the member, student, firm or professional corporation is found guilty of a charge, the discipline committee may order one or more of the following, namely:

(a) ...
(b) ...
(c) ...
....
(k) that any such member, firm or professional corporation be reinvestigated **by a prescribed date** by the professional conduct committee, or by any person retained on its behalf for that purpose, as to the member's, firm's or professional corporation's professional standards of practice or any other matter the discipline committee may determine

(6) Reporting of decision

The discipline committee shall report:

(a) forthwith to the parties to the proceedings the disposition of every charge referred to it; ~~and~~
(b) to the Council the disposition of every charge referred to it upon the decision of the committee becoming final under the bylaws; **and**
(c) to the Public Accountants Council for the Province of Ontario the final decision and order made in respect of every charge referred to it in respect of any licensee, or partnership or professional corporation authorized to practise public accounting, together with the written reasons for the decision disclosing the name of the licensee, partnership or professional corporation, upon the decision of the committee becoming final under the bylaws.

3. Bylaw 551 (Assignment Hearing) is amended by adding a new clause (7) as follows:

551 Assignment Hearing

(7) Notice of hearings

Notice of the place, date and time of all hearings shall be posted on the Institute's website, along with the name of the member and the charges, if applicable.

4. Bylaw 575 (Notice of decisions and orders: disclosure of name – publication) is amended in clauses (2) and (3) and a new clause (3.1) is added as follows:

575 Notice of decisions and orders: disclosure of name – publication

(2) Notice of ~~suspension or expulsion of~~ **a finding of professional misconduct, including brief particulars of the misconduct and disclosing the name of the member, student, firm or professional corporation against whom the finding is made, unless the discipline committee orders otherwise, shall be given to:**

(a) all members of the Institute;
(b) the Public Accountants Council for the Province of Ontario, when the member, firm or professional corporation is licensed or authorized to practise public accounting; and
(c) all provincial institutes/ Ordre,

and shall be made available to the public.

(3) Notice of expulsion of ~~a~~ **any** member **and notice of suspension, restriction on practice or revocation of any public accounting licence or authorization** shall be given to the public by publication **on the Institute's website and** in a newspaper or newspapers distributed in the geographic area of the member's current or former practice, employment and/or residence, or in such other manner as the discipline committee may determine to be appropriate, unless the committee determines that the circumstances of the case are of a nature that such notice is not necessary for the protection of the public and would be unfair to the member, in which case the committee shall provide written reasons for not ordering publication of the notice.

(3.1) All costs associated with the publication referred to in clause (3) shall be borne by the member, student, firm or professional corporation against whom the order was made, and shall be in addition to the costs, if any, ordered by the committee pursuant to Bylaw 530(3)(c).

5. Bylaw 576 (Consent to the release of information) is amended as follows:

576 Consent to the release of information

All members and students, by their applications for membership, **licensing, authorization** or registration, or by their applications for readmission to membership, **licensing or authorization** or re-registration as a student, or by their continuance of membership, **licence, authorization** or registration, shall consent and be deemed to have consented to any notice, publication or release of information under these bylaws.

6. Bylaw 583 (Suspension of membership when expulsion ordered) is amended as follows:

583 Suspension ~~of membership~~ when expulsion or licence revocation ordered

When a panel of the discipline committee orders that a member be expelled, **or the licence of a licensee be revoked, or the authorization of a partnership or professional corporation to practise public accounting be revoked,** the member's rights and privileges of membership, **or the licence or authorization, as the case be,** shall be and remain suspended from the time the order of expulsion **or revocation** is pronounced until the order becomes final or is set aside by the appeal committee, unless the panel of the discipline committee making the order of expulsion **or revocation** determines that in the circumstances of the case a suspension is not required for the protection of the public or in the public interest.

7. Bylaw 601 (Committee structure and powers) re: the appeal committee is amended in clause (2) as follows:

601 Committee structure and powers

(2) An appeal or a review before the appeal committee shall be heard and determined by a panel of not fewer than ~~five~~ **three** members of the appeal committee, provided that one member of the panel shall be a public representative **and, if the member charged holds a public accounting licence, one member of the panel shall hold a public accounting licence**.

8. New Bylaw 652.1 (Notice of hearings) re: the appeal committee is added as follows:

652.1 Notice of hearings

Notice of the place, date and time of all hearings shall be posted on the Institute's website, along with the name of the member, firm or professional corporation, the reasons for the decision and order of the discipline committee and a notation that the decision has been appealed.

9. Bylaw 654 (Notice of decisions and orders: disclosure of name – publication) re: appeal committee is amended in clauses (2) and (3) and new clauses (3.1) and (7) are added as follows:

654 Notice of decisions and orders: disclosure of name - publication

(2) Notice of ~~suspension or expulsion of~~ **a finding of professional misconduct, including brief particulars of the misconduct and disclosing the name of the member, student, firm or professional corporation against whom the finding is made, unless the appeal committee orders otherwise, shall be given to:**

- **(a)** all members of the Institute;
- **(b)** **the Public Accountants Council for the Province of Ontario when the member, firm or professional corporation is licensed or authorized to practise public accounting; and**
- **(c)** **all provincial institutes/ Ordre,**

and shall be made available to the public.

(3) Notice of expulsion of a **any** member **and notice of suspension, restriction on practice or revocation of any public accounting licence or authorization** shall be given to the public by publication **on the Institute's website and** in a newspaper or newspapers distributed in the geographic area of the member's current or former practice, employment and/or residence, or in such other manner as the appeal committee may determine to be appropriate, unless the committee determines that the circumstances of the case are of a nature that such notice is not necessary for the protection of the public and would be unfair to the member, in which case the committee shall provide written reasons for not ordering publication of the notice.

(3.1) **All costs associated with the publication referred to in clause (3) shall be borne by the member, student, firm or professional corporation against whom the order was made, and shall be in addition to the costs, if any, ordered by the committee pursuant to Bylaw 530(3)(c).**

(7) **The appeal committee shall report to the Public Accountants Council for the Province of Ontario the final decision and order made in respect of any decision and order made by the discipline committee in respect of any licensee, or partnership or professional corporation authorized to practise public accounting, together with the written reasons for the decision disclosing the name of the licensee, partnership or professional corporation, upon the decision of the committee becoming final under the bylaws.**

10. Bylaw 353 (Readmission of members expelled by disciplinary order) is amended in clause (7) as follows:

353 Readmission and restoration after expulsion or revocation by disciplinary order

(7) Criteria which must be met

An applicant, other than a professional corporation, must satisfy the discipline committee that: ~~he or she is~~

(a) **the applicant is** of good moral character; ~~and~~

(b) there would not be a risk to the public posed should a licence be issued to the applicant;

(c) the applicant is competent to practise as a chartered accountant; and

~~(b)~~**(d) the applicant is** competent to carry on the practice of public accounting **if the applicant has also applied to be licensed as a public accountant and has fulfilled the requirements of Bylaw 902.**

11. In Bylaw 106 (Compliance with bylaws, rules and regulations) clause (11) is deleted:

106 Compliance with bylaws, rules and regulations

~~(11) All members and firms who are participants pursuant to a participation agreement entered into with the Canadian Public Accountability Board for the purpose of being a participant in that Board's Auditor Oversight Program established under the Canadian Securities Administrators National Instrument 52-108, *Auditor Oversight*,~~

~~(i) agree and shall be deemed for all purposes to agree with the Institute to be bound by the terms and conditions of the participation agreement, and~~

~~(ii) consent and shall be deemed for all purposes to consent to the release of any and all information and documentation by the Institute to the Board for the purposes of enabling the Board to carry out its functions pursuant to its participation agreement with the member or firm, and its mandate pursuant to the *Memorandum Of Understanding Between The Canadian Public Accountability Board And The Institute Of Chartered Accountants Of Ontario*.~~

SECTION III OF THE SECOND BYLAW OF 2007

The amendments to Institute bylaws contained in Section III of the Second Bylaw of 2007 were adopted on February 23, 2007 and pursuant to s. 8(2) of the Chartered Accountants Act, 1956 have continued in effect until approved by the members at the 2007 Annual General Meeting.

1. The word "partnership," whenever it appears, is replaced with the word "firm" in
   - Bylaw 530(6)(c);
   - Bylaw 654(7);
   - Bylaw 916;
   - Bylaw 918(1);
   - Bylaw 918(2)

2. In Bylaw 917, the words ""suspended, revoked or terminated", whenever they appear in the bylaw or in the title of the bylaw are replaced with "suspended or revoked".

3. In Bylaw 583, the words "authorization of a partnership or professional corporation" are replaced with "authorization or registration of a firm or professional corporation" and the words "the licence or authorization, as the case may be," are replaced with the words "the licence, authorization or registration, as the case may be."

THIRD BYLAW OF 2007

Explanatory Note

The Third Bylaw of 2007 amends Bylaw 510 (Professional Conduct Committee) to require the Professional Conduct Committee to make a charge or charge(s) against any member, student, firm or professional corporation when a public inquiry or public commission established by Parliament, a provincial legislature, a municipal council, or other public authority to investigate and examine a matter of public interest finds after a public hearing that the member, student, firm or professional corporation is responsible for or contributed to an act or acts adverse to the public interest. The Third Bylaw of 2007 further amends bylaws of the Institute to provide authority to the Professional Conduct Committee to negotiate settlement agreements, after the conclusion of a full investigation and upon the identification of apparent misconduct and the preparation of charges, and for the Discipline Committee to either approve or not approve the settlement agreements.

IT IS HEREBY ENACTED as the Third Bylaw of 2007 of **THE INSTITUTE OF CHARTERED ACCOUNTANTS OF ONTARIO** (hereinafter called "the Institute") as follows:

SECTION I OF THE THIRD BYLAW OF 2007

The amendments to the Institute's bylaws contained in the Section I of the Third Bylaw of 2007 were adopted by Council on September 11, 2006 and pursuant to s. 8(2) of the Chartered Accountants Act, 1956 have continued in effect until approved by the members at the 2007 Annual General Meeting.

1. Bylaw 510(5)(c) is amended as follows:

   (5) The professional conduct committee shall be responsible for the initiation of the disciplinary work of the Institute and in the execution of its duties shall have power:

   (c) subject to the provisions of clauses (7) **and (8)**, to exercise its discretion to make a charge against any member, student, firm or professional corporation.

2. In Bylaw 510, clauses (8), (9), (10), (11), (12), (13), (14), (15) and (16) are re-numbered to become clauses (9), (10), (11), (12), (13), (14), (15), (16) and (17) respectively.

3. New Bylaw 510(8) is added, as follows:

   (8) Charge(s) made following a finding of a public inquiry or commission
   In the event a public inquiry or public commission established by Parliament, a provincial legislature, a municipal council or other public authority, which has given reasonable notice of the substance of the misconduct alleged against a member, student, firm or professional corporation and allowed full

opportunity to the member, student, firm or professional corporation to be heard in person or by counsel, finds after a public hearing that a member, student, firm or professional corporation has engaged in conduct which is responsible for or contributed to an act or acts adverse to the public interest, and it appears that such act or acts constitute a breach of a rule or rules of professional conduct, the professional conduct committee shall make a charge or charges against the member, student, firm or professional corporation.

SECTION II OF THE THIRD BYLAW OF 2007

The amendments to the Institute's bylaws contained in Section II of the Third Bylaw of 2007 were adopted by Council on December 14, 2006 and pursuant to s. 8(2) of the Chartered Accountants Act, 1956 have continued in effect until approved by the members at the 2007 Annual General Meeting.

1. Bylaw 510 (Professional Conduct Committee) is amended in clause (5)(c) and (d) and a new clause 7.1 is added, as follows:

510 Professional Conduct Committee

(5) Committee powers

The professional conduct committee shall be responsible for the initiation of the disciplinary work of the Institute and in the execution of its duties shall have power:

(c) subject to the provisions of clauses (7) **and (7.1)**, to exercise its discretion to make a charge against **and, if deemed appropriate, to negotiate a settlement of any charge with** any member, student, firm or professional corporation;

(d) to take whatever action it deems proper in connection with any charge or **settlement agreement or** complaint including referring any such charge **or settlement agreement** to the discipline committee;

(7.1) Settlement Agreements

Subject to the provisions of clause (8), the professional conduct committee may enter into negotiations and propose a settlement of any matter referred to in clause (5)(b). No settlement agreement shall take effect unless it is approved by the discipline committee, pursuant to Bylaw 530(3.1).

2. Bylaw 530 (Discipline Committee) is amended in clauses (2), (3) and (6) and new clauses (3.1), (3.2), (3.3) and (3.4) are added as follows:

530 Discipline committee

(2) A formal hearing before the discipline committee **of charges or proposed settlements** shall be heard and determined by a panel of not fewer than three members of the discipline committee, provided that one

member of the panel shall be a public representative and, if the member charged holds a public accounting licence, one member of the panel shall hold a public accounting licence.

(3) **Committee sanctions**

After a hearing the discipline committee shall, **subject to the provisions of clause (3.1),** find the member, student, firm or professional corporation guilty or not guilty of a charge. If the member, student, firm or professional corporation is found guilty of a charge, the discipline committee may order one or more of the following, namely:

(a) ...
(b) ...
(c) ...

(3.1) Settlement Agreements

The discipline committee may approve or decline to approve any settlement agreement brought before it by the professional conduct committee for consideration. In making its decision, the discipline committee shall consider, but not be limited to, the following factors:

(a) the nature of the conduct alleged, including the effect, if any, on the public trust;
(b) the public interest, including the effect, if any, of the conduct on any member of the public; and
(c) any aggravating or mitigating circumstances of the member, student, firm or professional corporation, including any previous remedial action or disciplinary sanction.

(3.2) A settlement agreement may make proposals for disposition of any matter referred to in clause (5)(b) of Bylaw 510, including, but not limited to, any one or more of the sanctions set out in Bylaw 530(3).

(3.3) Effect of approval

The decision of the discipline committee to approve a settlement agreement is final, effective and binding. A decision of the discipline committee to approve a settlement agreement takes effect immediately upon being made, unless ordered otherwise by that committee, and may be enforced in the same manner as any other order of that committee.

(3.4) Settlement not approved

Where the discipline committee does not approve a settlement agreement, the parties may negotiate a further proposed settlement agreement with respect to the same matter which shall be returned to the originally constituted panel of the discipline committee for consideration.

(6) **Reporting of decision**

The discipline committee shall report:

(a) forthwith to the parties to the proceedings the disposition of every charge **and settlement agreement** referred to it;
(b) to the Council the disposition of every charge **and settlement agreement** referred to it upon the decision of the committee becoming final under the bylaws; and

3. Bylaw 551 (Assignment Hearing) is amended in clauses (1), (2), (3) and (4) and a new clause (5) is added as follows:

551 Assignment Hearing

(1) Notice of assignment hearing

In any case where the professional conduct committee refers a charge **or a settlement agreement** to the discipline committee, the discipline committee shall promptly prepare notice to the parties to the proceedings of the time and place appointed for an assignment hearing and deliver the notice to the professional conduct committee for service upon the member, student or firm charged.

(2) A member, student or firm charged with a breach of the rules of professional conduct **or proceeding with a settlement agreement** shall be entitled to at least fifteen (15) days notice of the time and place appointed for an assignment hearing.

(3) Attendance at assignment hearing

The member or student charged **or proceeding with a settlement agreement** or a representative of the firm charged **or proceeding with a settlement agreement** shall attend the assignment hearing, either personally or by counsel or agent, at the time and place specified in the notice of assignment hearing, and if he or she does not attend, the chair, if satisfied that proper notice of the assignment hearing was served, may proceed to set a date for the hearing, and make such determinations and give such directions as the chair considers appropriate under clause (4) of this bylaw.

(4) Chair's duties at assignment hearing

At the assignment hearing, the chair of the discipline committee shall:

(a) determine which members of the discipline committee will be considered ineligible to be on the panel hearing the charge(s) **or considering a proposed settlement agreement**;

(5) Notice of hearings

Notice of the place, date and time of all hearings **and considerations by the discipline committee of proposed settlement agreements** shall be posted on the Institute's website, along with the name of the member and the charges, if applicable.

4. Bylaw 553 (Reasonable information to be furnished) is amended as follows:

553 Reasonable information to be furnished

When a charge is laid **or settlement agreement proposed**, the professional conduct committee shall furnish the **subject** member, student or firm ~~charged~~ with reasonable information about its case.

5. Bylaw 564 (Amendments of charge) is amended in the heading, a new clause (3) is added and the current clause (3) is renumbered as (4), as follows:

564 Amendments ~~of charge~~

(3) Any proposed settlement agreement may be amended at the hearing with leave of the discipline committee, upon the consent of the parties to the agreement.

(~~3~~)(4) Where an amendment is made pursuant to this bylaw, a reference in the bylaws to a "charge" or "settlement agreement" thereafter shall mean the charge or settlement agreement as amended.

6. Bylaw 579 (Members of panel not to have information extraneous to hearing: legal advice) is amended as follows:

579 Members of panel not to have information extraneous to hearing: legal advice

The members of the discipline committee who form a panel to conduct the formal hearing of a charge or charges or to consider a proposed settlement agreement shall not have taken part prior to such formal hearing in any investigation or consideration of the subject matter of such formal hearing, and shall not communicate about the subject matter of such formal hearing with any person, party or party's representative, except as members of the panel and upon notice to and opportunity for all parties to participate; but members of the panel may seek legal advice from the legal adviser to the discipline committee, and in such case the nature of the advice sought shall be made known to the parties in order that they may make a submission as to the law.

FOURTH BYLAW OF 2007

The Fourth Bylaw of 2007 amends the provisions of Bylaw 801 (Mandatory Continuing Professional Development) to reflect terminology used in the Standards adopted by the Public Accountants Council (PAC) under the Public Accounting Act, 2004 and in International Education Standard 7 (Continuing Professional Development) of the International Federation of Accountants, by replacing the term "structured continuing professional development" with "verifiable continuing professional development". Other changes of a definitional nature are also made to the bylaw to ensure consistency with the Standards adopted by the PAC. Further amendments provide clarification of the provisions and processes in respect of members who, because of exceptional circumstances, seek waiver of the continuing professional development requirement or request approval of a plan for complying with the requirement. Other amendments contained in the Fourth Bylaw of 2007 relocate provisions contained in Bylaw 801 regarding filing a declaration of compliance with the continuing professional development requirement to the bylaws dealing with the requirements to apply for readmission to membership: Bylaws 351, 352 and 353. Pursuant to the provisions of Bylaw 247, the amendments to Bylaws 351, 352 and 353 require approval of at least two-thirds of the votes cast by members.

IT IS HEREBY ENACTED as the Fourth Bylaw of 2007 of **THE INSTITUTE OF CHARTERED ACCOUNTANTS OF ONTARIO** (hereinafter called "the Institute") as follows:

1. Bylaw 801(Mandatory continuing professional development is amended, as follows:

801 Mandatory continuing professional development requirement

(1) Members subject to the mandatory continuing professional development requirement

Every member shall undertake continuing professional development relevant and appropriate to the member's work and professional responsibilities, to develop and maintain the member's competence necessary to provide high quality service to clients, employers and other stakeholders, as required by this bylaw, and shall demonstrate compliance with the requirements as set out in this bylaw, unless the member is exempt from such requirements under the provisions of clause (16) or (17).

(2) Content of continuing professional development

Every member shall determine whether the content of his or her continuing professional development activity contributes to his or her own personal professional development but shall base such determination on ensuring that the activity:

(a) is quantifiable, meaning it must be specifically identifiable and be able to be expressed in terms of a specific time requirement;

(b) is directly related to the competencies needed to carry on his or her employment or practice;

(c) is relevant to the member's current professional needs and/or longer term career interests; and

(d) contains significant intellectual or practical content.

~~(2)~~(3) Required minimum amount of continuing professional development

The minimum amount of continuing professional development that a member must complete, unless the member is exempt from such requirement under the provisions of clause (16) or (17) or is subject to a reduced requirement as provided in clause (18), shall be:

(a) 20 hours annually, and

(b) 120 hours in every three-year period.

At least 10 hours of the 20-hour annual requirement and at least 60 hours of the 120-hour triennial requirement shall consist of ~~structured~~ **verifiable** continuing professional development. The remaining hours may consist of ~~unstructured~~ **other** continuing professional development.

~~(3)~~(4) ~~Structured~~ Verifiable continuing professional development

"~~Structured~~ **Verifiable** continuing professional development" means ~~measurable, verifiable learning activities relevant and appropriate to the member's work and professional responsibilities, which contain significant intellectual and practical content~~ **that the learning can be objectively verified by a competent source**, and may include

(a) attending or teaching courses or seminars;

(b) being a participant, lecturer or presenter at a conference;

(c) participating in or leading technical discussion groups;

(d) attending or teaching advanced or post-secondary education courses;

(e) completing structured self-study programs.

The member must retain evidence satisfactory to the Institute that the content and completion of the activities meet the criteria of this definition and produce such evidence as required from time to time.

~~(4)~~(5) ~~Unstructured~~ Other continuing professional development

"~~Unstructured~~ **Other** continuing professional development" means independent and informal learning activities~~, relevant and appropriate to the member's work and professional responsibilities, which contain significant intellectual and practical content,~~ and may include:

(a) private reading, study and technical research;

(b) preparation time for lectures and presentations;

(c) research and writing time for professional or business-related articles; and

(d) on-the-job training.

The member must retain evidence satisfactory to the Institute that the content and completion of the activities meet the criteria of this definition and produce such evidence as required from time to time.

~~(5)~~(6) Council appointment of committee

The Council shall appoint a professional development committee that shall have the power to:

(a) prescribe a compliance declaration to be filed by a member; and

(b) review compliance declarations submitted by members; and

(c) require a member to produce such verification of the contents of the member's compliance declaration as the committee deems necessary; and

(d) review and make a determination in respect of any compliance declaration of a member referred to the committee by the registrar or director of practice inspection pursuant to clause ~~(8)~~ **(9)**.

~~(6)~~**(7) Filing compliance declaration**

Every member subject to the continuing professional development requirement of this bylaw shall submit annually, on or before the due date prescribed in the notice sent by the Institute, a declaration in the prescribed form attesting that the requirements of this bylaw have been met; and when requested to do so by a written notice from the registrar, or from the director of practice inspection, shall submit to the Institute for review by the date prescribed in such notice, documentation of completion of the requirements.

~~(7)~~**(8) Member non-compliance in exceptional circumstances**

A member who is not able to fulfill some or all of the professional development requirements of clause ~~(2)~~ **(3)** or (18), as applicable, due to exceptional circumstances shall document and explain such circumstances on the member's compliance declaration and shall submit such documentation and declaration to the Institute when requested to do so by the registrar or director of practice inspection pursuant to the provisions of clause ~~(6)~~ **(7)**.

~~(8)~~**(9) Member declaration indicates non-compliance**

The registrar or director of practice inspection, as applicable, shall, upon receipt of a member's documentation filed pursuant to clause ~~(6) or (7)~~ **(7) or (8)** that indicates the member did not fulfill some or all of the continuing professional development requirements of clause **(3)** ~~(2)~~ or (18), as applicable, refer the declaration and all supporting documentation provided by the member to the professional development committee, which may:

(a) waive all or a portion of the member's continuing professional development requirement if satisfied as to the exceptional circumstances reported by the member;

(b) consider and approve a plan proposed by the member to remedy any deficiencies in an appropriate manner over a reasonable period of time; or

(c) prescribe a date by which the member must file a declaration attesting that the member has complied with the continuing professional development requirements of clause (3) or (18), as applicable; or

~~(c)~~**(d)** make a complaint to the professional conduct committee.

~~(9)~~**(10) ~~Referral to professional conduct committee~~ Suspension of membership for failure to comply with plan**

~~In the event that a member does not comply with the plan approved pursuant to clause 8(b) the professional development committee may make a complaint to the professional conduct committee.~~

In the event a member fails to comply with the plan approved pursuant to clause 9(b) by the date prescribed by the professional development committee, the member's rights and privileges of membership under the Act and the bylaws shall be suspended and such suspension shall be reported to the membership committee and, if the member is licensed as a public accountant, to the public accounting licensing committee.

~~(10)~~**(11) Suspension of membership for failing to file compliance declaration**

In the event the Institute has not received a member's compliance declaration by the due date prescribed in clause ~~(6)~~ **(7) or 9(c), as applicable,** that member's rights and privileges as a member under the Act and the

bylaws shall be suspended and such suspension shall be reported to the membership committee and, if the member is licensed as a public accountant, to the public accounting licensing committee.

~~(11)~~(12)Reinstatement to membership

~~Filing the compliance declaration with the Institute following suspension pursuant to clause (10) shall reinstate the person's rights and privileges as a member under the Act and bylaws, provided that the declaration and a reinstatement fee in an amount prescribed by the Council are received at the Institute not later than two (2) calendar months from the date upon which the rights and privileges of membership were suspended, and the reinstatement shall be reported to the membership committee~~

If a person whose rights and privileges of membership under the Act and bylaws were suspended pursuant to clause (10) or (11), as applicable, files with the Institute, not later than three (3) months from the date of such suspension, a reinstatement fee and either

(a) a declaration in the prescribed form attesting that the requirements of this bylaw have been met; or

(b) documentation in the form prescribed by the professional development committee that indicates to the satisfaction of the committee that the person has complied with the plan approved pursuant to clause 9(b),

the person's rights and privileges of membership shall be reinstated, and the reinstatement shall be reported to the membership committee, and, if the member is licensed as a public accountant, to the public accounting licensing committee.

~~(12)~~(13)Termination of membership

The membership of any person whose rights and privileges of membership have not been reinstated within the ~~two (2) calendar~~ three (3) month period stipulated in clause ~~(11)~~ (12), shall be terminated as of the final date for receipt of the compliance declaration and the reinstatement fee, and the person's name shall be removed from the register upon the reporting of the termination to the membership committee and, if the member is licensed as a public accountant, to the public accounting licensing committee.

~~(13)~~(14)Exceptions to termination

Notwithstanding clause ~~(12)~~(13), where

(a) a member's practising unit is the subject of a practice inspection; or

(b) a member is the subject of an investigation or a charge made by the professional conduct committee; or

(c) a member has not fully complied with an order of the discipline committee or the appeal committee,

his or her membership shall not be terminated ~~for failure to file a compliance declaration~~ under this bylaw until the practice inspection or professional conduct committee investigation has been completed, or the final disposition of the charge has been made, or the member has fully complied with the discipline or appeal committee order, as the case may be.

~~(14)~~(15)Application for readmission to membership

A person whose membership was terminated pursuant to clause ~~(12)~~ (13) may apply to the membership committee for readmission to membership in the Institute in accordance with the provisions of Bylaw 352.

~~The person must file with his or her application either a confirmation from the professional development committee given pursuant to clause 15(a) that he or she has satisfied the professional development requirement, or a professional development plan approved by the professional development committee pursuant to clause 15(b). Upon receiving the application with either the confirmation or the approved plan, together with proof that the person has remitted to the Institute:~~

~~(a) the reinstatement fee set at such amount as determined by the Council;~~

~~(b) the readmission fee set at such amount as determined by the Council; and~~

~~(c) the applicable annual membership fee as determined by the Council,~~

~~the membership committee shall readmit the person to membership in the Institute, provided that when readmission is based upon an approved professional development plan, such readmission is subject to compliance with the plan within the time period stipulated in the plan, failing which membership shall again be terminated as of the final date for compliance.~~

~~(15) Applicant for readmission to membership~~

~~A person whose membership was terminated pursuant to clause (12) may apply to the professional development committee for either:~~

~~(a) confirmation that he or she has satisfied the professional development requirements of clause (2) or (18), as applicable; or~~

~~(b) approval of a proposed professional development plan which the professional development committee may reject, amend or approve subject to such condition or conditions as the committee thinks appropriate.~~

(16) Exemption: new members

A member shall be exempt from the provisions of this bylaw

(a) during the calendar year in which the member has been admitted to membership; or

(b) during the calendar year immediately following the year in which the member has been admitted to membership, if both the date on which the member passed the Uniform Evaluation and the date of admission to membership occur on or after November 1 in the same year.

(17) Exemption: other members

A member shall be exempt from the provisions of this bylaw if the member

(a) resides and practices outside Ontario and is a member of another provincial institute or a recognized accounting body outside Canada; or

(b) is retired from full-time employment or practice and is not licensed to practice public accounting in Ontario, provided that the member is not also providing any accounting or taxation services as defined in Bylaw ~~103(y)~~ **103(25)**.

(18) Reduced requirement: retired members performing part-time accounting or taxation services or unlicensed compilation services

A member who has retired from full-time employment or practice, who is not licensed to practice public accounting, and who does not carry on any occupation, business or practice other than providing on a part-time basis accounting or taxation services as defined in Bylaw 103(25) or compilation services for which a

licence is not required under the provisions of the *Public Accounting Act, 2004*, must complete a minimum amount of continuing professional development as set out in (a) or (b) below:

(a) gross annual income from part-time practice that exceeds $25,000,

(i) 10 hours annually, and

(ii) 60 hours in every ~~three-~~year period.

At least 5 hours of the 10-hour annual requirement and at least 30 hours of the 60-hour triennial requirement shall consist of ~~structured~~ **verifiable** continuing professional development. The remaining hours may consist of ~~unstructured~~ **other** continuing professional development; or

(b) gross annual income from part-time practice does not exceed $25,000,

(i) 5 hours annually, and

(ii) 30 hours in every ~~three-~~year period.

At least 15 hours of the 30-hour triennial requirement shall consist of ~~structured~~ **verifiable** continuing professional development. The remaining hours may consist of ~~unstructured~~ **other** continuing professional development.

(19) Effective date

(a) The provisions of this bylaw are effective as of January 1, 2004 for each member who

(i) is a partner or employee of a firm engaged in the practice of public accounting;

(ii) is a shareholder or employee of a professional corporation engaged in the practice of public accounting;

(iii) is engaged in the practice of public accounting as a sole proprietor on either a full-time or part-time basis; or

(iv) holds a public accounting licence whether or not he or she practises public accounting.

(b) For members other than those described in clause (a) the provisions of this bylaw shall take effect on January 1, 2006.

(20) Recording periods

(a) For members described in clause (19)(a), the first three-year period for the purposes of complying with clause ~~(2)~~ **(3)** commences on January 1, 2004 and ends on December 31, 2006, and every three-year period thereafter shall commence and end in similar fashion. The continuing professional development requirement of any member in respect of any three-year period shall be prorated based on the number of months during the period that the member was subject to the requirements of this bylaw.

(b) For members other than those described in clause (19)(a),

(i) the first period for the purposes of complying with clause **(3)** ~~(2)~~ or (18), as applicable, shall commence on January 1, 2006 and end on December 31, 2009; and

(ii) the period commencing on January 1, 2010 shall end on December 31, 2012 and every three-year period thereafter shall commence and end in similar fashion.

The continuing professional development requirement of any member in respect of any reporting period shall be prorated based on the number of months during the period that the member was subject to the requirements of this bylaw.

(21) Transitional provisions

(a) Notwithstanding the provisions of clause ~~(2)~~ **(3)**, a member other than a member who is subject to the provisions of clause (18) or (19)(a), shall complete during the first period commencing January 1, 2006

(i) 20 hours annually, and

(ii) 140 hours over the four-year period ending December 31, 2009.

At least 10 hours of the 20-hour annual requirement and at least 70 hours of the 140-hour requirement shall consist of ~~structured~~ **verifiable** continuing professional development. The remaining hours may consist of ~~unstructured~~ **other** continuing professional development.

(b) For the purpose of the first period for compliance as set out in clause 20(b)(i), a member who is subject to the minimum continuing professional development requirement of clause (18)(a) or (b) shall complete over four years the same minimum number of hours of continuing professional development annually as are prescribed in clause (18)(a) or (b) as applicable; however, the minimum triennial requirement set out in (18)(a) or (b) may be completed over fours years instead of over three years.

(c) Commencing on January 1, 2010, a member described in clause 19(b) shall complete during every three-year period the continuing professional development requirements set out clause **(3)** ~~(2)~~ or (18), as applicable.

2. Bylaw 351 (Readmission of members who resigned) is amended as follows:

351 Readmission of members who resigned

(1) A former member of the Institute who resigned while in good standing may apply to the membership committee to be readmitted to membership in the Institute upon making a written application in the form prescribed by the Council, filing the declaration required pursuant to Bylaw 355, **filing a declaration in the prescribed form attesting that the continuing professional development requirements of Bylaw 801(3)(b) or 801(18)(a)(ii) or 18(b)(ii), as applicable, have been met** and fulfilling the requirements of this bylaw.

3. Bylaw 352 (Readmission of members terminated other than by disciplinary order) is amended as follows:

352 Readmission of members terminated other than by disciplinary order

A person whose membership has been terminated pursuant to Bylaw 335(1), ~~or~~ Bylaw 312 **or Bylaw 801(13)** may apply to the membership committee to be readmitted to membership in the Institute upon making a written application in the form prescribed by the Council, filing the declaration required pursuant to Bylaw 355, and ~~remitting~~

(a) **remitting any** ~~the~~ fee(s), charge(s) or assessment(s) due but not paid at the date of termination from membership; and

(b) **remitting** any applicable late payment fee; and

(c) **remitting** the reinstatement fee **of such amount not exceeding the full annual membership fee amount as determined** ~~prescribed~~ by the Council ~~pursuant to Bylaw 334(3)~~; and

(d) **remitting** a readmission fee of such amount as determined by the Council~~.~~; **and**

(e) filing a declaration in the prescribed form attesting that, within the three-year period immediately prior to the Institute's receipt of the application for readmission, the member has fulfilled the total three-year requirement of continuing professional development, including the minimum number of verifiable hours for that three-year period , prescribed pursuant to Bylaw 801(3)(b) or 801(18)(a)(ii) or 18(b)(ii), as applicable.

4. Bylaw 353(1) (Readmission and restoration after expulsion or revocation by disciplinary order) is amended as follows:

353 Readmission and restoration after expulsion or revocation by disciplinary order

(1) Application for readmission or restoration

Any person expelled from membership in the Institute, member whose licence was revoked and/or professional corporation in respect of which the certificate of authorization was revoked under the terms of an order of the discipline or appeal committee may apply to the discipline committee to be readmitted to membership in the Institute and/or granted a licence or certificate of authorization, as the case may be, upon:

(a) making a written application;

(b) filing the declaration required pursuant to Bylaw 355;

(c) remitting any fines or costs that were ordered by the discipline committee or appeal committee, as applicable, and which were not remitted to the Institute prior to the date of the Institute's receipt of the application, unless prior leave to dispense with this condition has been obtained from the Chair of the discipline committee; ~~and~~

(d) filing a declaration in the prescribed form attesting that, within the three-year period immediately prior to the Institute's receipt of the application for readmission, the member has fulfilled the total three-year hour requirement of continuing professional development, including the minimum number of verifiable hours for that three-year period, prescribed pursuant to Bylaw 801(3)(b) or 801(18)(a)(ii) or 18(b)(ii), as applicable; and

~~(d)~~**(e)** satisfying the other requirements of this bylaw.

FIFTH BYLAW OF 2007

The Fifth Bylaw of 2007 amends, updates or clarifies the provisions of various Institute bylaws.

IT IS HEREBY ENACTED as the Fifth Bylaw of 2007 of **THE INSTITUTE OF CHARTERED ACCOUNTANTS OF ONTARIO** (hereinafter called "the Institute") as follows:

1. Bylaw 201 (Council composition, duties and term of office) is amended in clause (2) as follows:

201 Council composition, duties and term of office

(2) ~~The term of office of elected members of the Council shall be as follows:~~

~~(a) In the first election held after January 1, 2005:~~

~~(i) candidates receiving the first through eighth highest number of votes shall hold office for two years; and~~

~~(ii) candidates receiving the ninth through fifteenth highest number of votes shall hold office for one year.~~

~~(b) The member of Council who, on January 1, 2005 holds the office of Chair of the Institute, shall continue to serve as a member of the Council and shall hold the office of Chair for an additional one-year term commencing from the date of the first annual general meeting held after January 1, 2005.~~

~~(c) Commencing with the first election held after January 1, 2006, each elected member of Council shall hold office for a term of two years.~~

Each elected member of Council shall hold office for a term of two years; except that the member of Council who was elected to the office of Chair of the Institute during the second year of his or her term shall not be required to seek re-election to the Council and shall continue to serve as a member of the Council and shall hold the office of Chair until the completion of his or her term as Chair.

2. Bylaw 203 (Election of Council) is amended in clause (1) as follows:

203 Election of Council

(1) An election of members of Council shall be held annually provided that, ~~commencing with the first election held after January 1, 2006,~~ not more than 50 per cent of the total number of elected members of Council shall be elected in any year; except that in the case of any vacancy or vacancies occurring on the Council in accordance with the provisions of Bylaw 201(5)(b), the number of members to be elected may exceed 50 per cent of the total number of elected members by the number that is necessary to fill any vacancy or vacancies.

3. Bylaw 263 (Applications committee) is amended in subclause (4)(f)(ii) and in clause (5); and clause (7) is re-numbered to become clause (8), and a new clause (7) is introduced, as follows:

(4) The applications committee may act on behalf of the Council in:

(f) considering, unless the application is made pursuant to Bylaw 353,

(ii) any application for a public accounting licence from a member in respect of whom the public accounting licensing committee has directed that a hearing must be held to determine whether the member has fulfilled the qualifications to be licensed as set out in the *Public Accounting Act, 2004* or the regulations **or Standards** adopted pursuant to that Act, or in the bylaws or regulations of the Institute;

(5) The applications committee shall give prompt written notice to the applicant of its findings reached pursuant to clauses (4)(b), (c), ~~or~~ (d) **or (f)** of this bylaw; if not satisfied with such findings, the applicant may apply to have the matter reviewed by the appeal committee ~~and, in respect of a review of a finding reached pursuant to clause (4)(c), such review shall be concluded before the findings are reported to the Council, pursuant to Bylaw 601(9)~~ **pursuant to Bylaw 601**.

(7) **No member of the applications committee shall take part in the consideration of, or participate in any decision regarding, any matter under clause (4) if the member participated in any previous consideration or decision of the applications committee in respect of the same matter that is the subject of any new application or request made by the same person pursuant to clause (4).**

~~(7)~~**(8)** Any findings reported to the Council ~~by the applications committee~~ under clause (4)(b), (c), (d), **(e),** ~~or~~ (f) **or (g)**, in respect of which no application for review has been brought, shall be recorded in the minutes of the Council and shall be final, binding and conclusive for all purposes.

4. Bylaw 267 (practice inspection committee) is amended, in clause (5), as follows:

267 Practice inspection committee

(5) Notwithstanding the general duty set out in Bylaw 267(4) to maintain confidentiality,

(a) in the event a member or firm chosen to be inspected by the practice inspection committee has entered into a participation agreement with the Canadian Public Accountability Board, the practice inspection committee shall notify the Board of its inspection, and shall share with the Board all information and documentation necessary to enable the Board to carry out its functions pursuant to its participation agreement with the member or firm, and its mandate pursuant to the *Memorandum Of Understanding Between The Canadian Public Accountability Board And The Institute Of Chartered Accountants Of Ontario*~~:~~**;**

(b) **the director of practice inspection, in respect of any member who applies to be licensed as a public accountant or who, after December 31, 2011 applies to renew a public accounting licence, and in respect of whom a request has been received from the secretary to the public accounting licensing committee, shall provide such committee with a report on the outcome of the practice inspection of each practising office in or of which the member named in the**

request has been an employee, partner or the sole proprietor within the immediate past five years of the date of applying for the licence or for renewal of the licence; and the report shall include the date on which the inspection was completed and whether or not the inspection resulted in a determination that the practising office had maintained an appropriate level of professional standards as such standards relate to assurance and other related services;

(c) the director of practice inspection, in respect of a member for whom a request has been received from the secretary to the public accounting licensing committee, shall provide such committee with a report on the outcome of the practice inspection of a practising office that has been completed following the granting of a public accounting licence to the member named in the request on the condition that the practising office in or of which the member is a partner, employee or the sole proprietor is the subject of a practice inspection within a prescribed period following the date of issuance of the licence; and the report shall include the date on which the inspection was completed and whether or not the inspection resulted in a determination that the practising office had maintained an appropriate level of professional standards as such standards relate to assurance and other related services.

5. Bylaw 353 (Readmission and restoration after expulsion or revocation by disciplinary order) is amended in clause (6) as follows:

353 Readmission and restoration after expulsion or revocation by disciplinary order

(6) Factors to be considered in decision

In arriving at its decision, the discipline committee shall have regard to such circumstances as it may deem appropriate, which may include

(a) the information contained in the declaration required to be filed pursuant to Bylaw 355;

(b) conduct ~~during the time that~~ **of** the applicant, **regardless of whether the applicant was a member at the time of the conduct,** ~~was a member which was not~~ **whether or not such conduct was** investigated by the professional conduct committee **or resulted in disciplinary charges** ~~because it was reported after the applicant was expelled from membership~~;

6. Bylaw 356 (Applications committee hearings) is amended in subclause (3)(e), as follows:

356 Applications committee hearings

(3) Factors to be considered

In arriving at its decision, the applications committee shall have regard to such circumstances as it may deem appropriate, which may include:

(e) whether the applicant is competent to carry on the practice public accounting, if the applicant has also applied to be licensed as a public accountant **and has fulfilled the requirements of Bylaw 902**, and

7. Bylaw 402 (Exemptions from requirements) is amended in subclauses (1)(b) and (c), as follows:

402 Exemptions from requirements

(1) The Council, or the applications committee acting on its behalf, may grant exemptions, appropriate in its opinion, from the instruction, examination and practical experience requirements of the Institute, to any applicant for registration as a student

(b) who, when a non-resident of Canada, completed courses of instruction and passed examinations of a ~~corporate~~ **professional accounting** body outside of Canada having the same or similar objects as the Institute, **and which body has been recognized by the Council for this purpose**; or

(c) who has completed courses of instruction and passed examinations of a ~~corporate~~ **professional accounting** body within Canada ~~having as its objects the education in accounting of students employed otherwise than in public accounting~~, and which body is recognized by the Council for this purpose.

8. Bylaw 412 (Notice of change in employment) is amended in subclause (2)(a), as follows:

412 Notice of change in employment

(2) The Council may prescribe by regulation the circumstances under which a student may continue to be registered as a student even though he or she may no longer be employed as a student in ~~an~~ **a practising** office **or an organization** approved for the training of students pursuant to Bylaw 407.

AMENDMENTS TO THE *MANDATORY PROFESSIONAL LIABILITY INSURANCE REGULATION* ADOPTED BY THE COUNCIL, OCTOBER 31, 2006

The Mandatory Professional Liability Insurance Regulation is amended as follows:

MANDATORY PROFESSIONAL LIABILITY INSURANCE REGULATION
Adopted by the Council pursuant to Bylaw 701 effective October 1, 1996 and amended February 15, 2001 and October 31, 2006

(1) Insurance coverage

Professional liability insurance coverage shall be maintained by

(a) every firm engaged in the practice of public accounting in Ontario;

(b) every professional corporation engaged in the practice of public accounting in Ontario; and

(c) every member engaged in the practice of public accounting in Ontario as either a sole proprietor or a partner of a non-member public accountant.

The amount of insurance to be maintained by such members shall be in an amount at least equal to the lesser of

(i) $250,000 for each member who, as applicable, is a partner, proprietor, employee or shareholder; and

(ii) $1,000,000;

except that a firm of members which cannot realistically obtain insurance in the amount required by the Institute because of the size of their firm or practice may certify to the Institute that the firm has set aside assets at least equal in value to the amount of insurance required above in lieu of such insurance.

(2) Maximum allowable deductible

In respect of the amount of insurance required to be maintained by members, firms and professional corporations pursuant to paragraph 1, any deductible amount shall be reasonable in relation to the total revenues of the member's, firm's or professional corporation's practice of public accounting and shall not exceed 50 per cent of the minimum coverage amount required to be maintained by the member, firm or professional corporation pursuant to paragraph 1. A member, firm or professional corporation shall ensure the member, firm or professional corporation has set aside assets at least equal in value to

(a) the amount of the deductible that is specified in the professional liability insurance policy of the member, firm or professional corporation when the minimum amount of coverage required under the provisions of paragraph 1 is less than $1,000,000; or

(b) $500,000 when the firm or professional corporation is required to maintain minimum coverage of $1,000,000 under the provisions of paragraph 1.

~~(2)~~(3) Duration of coverage

In the event of

(a) the withdrawal of a partner or member employee from a practice of public accounting, whether or not that partner or employee continues to carry on the practice of public accounting elsewhere; or

(c) the merger, dissolution or cessation of practice of a firm, proprietorship or partnership engaged in the practice of public accounting, or

(d) the suspension, revocation or non-renewal of a professional corporation's registration certificate, or the dissolution or discontinuance of a professional corporation; or

(e) the withdrawal of a shareholder, officer, director or member employee of a professional corporation, whether or not that shareholder, officer, director or member employee continues to carry on the practice of public accounting elsewhere;

the professional liability insurance that was required to be carried pursuant to paragraph 1, or the assets set aside in lieu of the insurance, prior to the occurrence of the event referred to in (a), ~~or~~ (b), **(c) or (d)** shall continue to be maintained for a period of at least six years following the event to cover acts or omissions occurring prior to the event.

~~(3)~~(4) Proof of coverage

Satisfactory proof of insurance coverage or the assets set aside in lieu thereof shall be provided to the Institute within two months of the commencement of the practice of public accounting in Ontario, and on an annual basis thereafter, and shall be submitted in the form and manner prescribed by the Council.

~~(4)~~(5) Other information

Members shall provide such other information as the Council requires to verify compliance with Bylaw 701 and this regulation.

~~(5)~~(6) Notification of insurance cancellation or reduction

Every professional liability insurance contract shall be endorsed with the requirement that the insurer notify the Institute immediately of

(a) the cancellation of the insurance coverage; or

(b) the reduction of the insurance coverage below the level required pursuant to paragraph 1.

~~(6)~~(7) Reinstatement fee

The amount of the reinstatement fee required to be paid pursuant to Bylaw 701(3) shall be $500.

~~(7)~~(8) Readmission fee

The amount of the readmission fee required to be paid pursuant to Bylaw 701(5) shall be $1000.

~~(8) Effective date of regulation~~

~~Members shall have until October 1, 1996 to obtain the professional liability insurance coverage required pursuant to Bylaw 701 and this regulation.~~

(8) Public accounting services performed without fee or other reward

Pursuant to the *Public Accounting Act, 2004* and Ontario Regulation 238/05, the provisions of this regulation are applicable on and after May 20, 2007 in respect of any member, firm or professional corporation licensed or authorized to practise public accounting who engages in such practise without fee or other reward.

(9) Definitions

In this regulation, terms have the same meaning as defined in Bylaw 103.

AMENDMENTS TO THE MANDATORY PROFESSIONAL LIABILITY INSURANCE REGULATION ADOPTED BY THE COUNCIL ON NOVEMBER 23, 2006

MANDATORY PROFESSIONAL LIABILITY INSURANCE REGULATION

Adopted by the Council pursuant to Bylaw 701 effective October 1, 1996 and amended February 15, 2001, ~~and~~ October 31, 2006 and November 23, 2006

(1) Insurance coverage

Professional liability insurance coverage shall be maintained by

(a) every firm engaged in the practice of public accounting in Ontario;

(b) every professional corporation engaged in the practice of public accounting in Ontario; and

(c) every member engaged in the practice of public accounting in Ontario as either a sole proprietor or a partner of a non-member public accountant.

The amount of insurance to be maintained by such members **up to December 31, 2007** shall be in an amount at least equal to the lesser of

(i) $250,000 for each member who, as applicable, is a partner, proprietor, employee or shareholder; and

(ii) $1,000,000;

The minimum amount of insurance to be maintained by a member, firm or professional corporation as of January 1, 2008 shall be:

(iii) $1 million where one member practises public accounting; or

(iv) $1.5 million where two or three members practise public accounting; or

(v) $2 million where four or more members practise public accounting.

~~except that a~~ **A** firm of members which cannot realistically obtain insurance in the amount required by the Institute because of the size of their firm or practice may certify to the Institute that the firm has set aside assets at least equal in value to the amount of insurance required above in lieu of such insurance.

(2) Maximum allowable deductible

In respect of the amount of insurance required to be maintained by members, firms and professional corporations **up to December 31, 2007** pursuant to paragraph 1, any deductible amount shall be reasonable in relation to the total revenues of the member's, firm's or professional corporation's practice of public accounting and shall not exceed 50 per cent of the minimum coverage amount required to be maintained by the member, firm or professional corporation **up to December 31, 2007** pursuant to paragraph 1. A member, firm or professional corporation shall ensure the member, firm or professional corporation has set aside assets at least equal in value to

(a) the amount of the deductible that is specified in the professional liability insurance policy of the member, firm or professional corporation when the minimum amount of coverage required under the provisions of paragraph 1 is less than $1,000,000; or

(b) $500,000 when the firm or professional corporation is required to maintain minimum coverage of $1,000,000 under the provisions of paragraph 1.

In respect of the amount of insurance required to be maintained by members, firms and professional corporations as of January 1, 2008 pursuant to paragraph 1, any deductible amount shall be reasonable in relation to the total revenues of the member's, firm's or professional corporation's practice of public accounting and shall not exceed 50 per cent of the minimum coverage amount required to be maintained by the member, firm or professional corporation as of January 1, 2008 pursuant to paragraph 1. A member, firm or professional corporation shall ensure the member, firm or professional corporation has set aside assets at least equal in value to the amount of the deductible that is specified in the professional liability insurance policy and which meets the requirements of this paragraph.

(3) Duration of coverage

In the event of

(a) the withdrawal of a partner or member employee from a practice of public accounting, whether or not that partner or employee continues to carry on the practice of public accounting elsewhere; or

(b) the merger, dissolution or cessation of practice of a firm, proprietorship or partnership engaged in the practice of public accounting, or

(c) the suspension, revocation or non-renewal of a professional corporation's registration certificate, or the dissolution or discontinuance of a professional corporation; or

(d) the withdrawal of a shareholder, officer, director or member employee of a professional corporation, whether or not that shareholder, officer, director or member employee continues to carry on the practice of public accounting elsewhere;

the professional liability insurance that was required to be carried pursuant to paragraph 1, or the assets set aside in lieu of the insurance, prior to the occurrence of the event referred to in (a), (b), (c) or (d) shall continue to be maintained for a period of at least six years following the event to cover acts or omissions occurring prior to the event.

(4) Proof of coverage

Satisfactory proof of insurance coverage or the assets set aside in lieu thereof shall be provided to the Institute within two months of the commencement of the practice of public accounting in Ontario, and on an annual basis thereafter, and shall be submitted in the form and manner prescribed by the Council.

(5) Other information

Members shall provide such other information as the Council requires to verify compliance with Bylaw 701 and this regulation.

(6) Notification of insurance cancellation or reduction

Every professional liability insurance contract shall be endorsed with the requirement that the insurer notify the Institute immediately of

(a) the cancellation of the insurance coverage; or

(b) the reduction of the insurance coverage below the level required pursuant to paragraph 1.

(7) Reinstatement fee

The amount of the reinstatement fee required to be paid pursuant to Bylaw 701(3) shall be $500.

(8) Readmission fee

The amount of the readmission fee required to be paid pursuant to Bylaw 701(5) shall be $1000.

(9) Public accounting services performed without fee or other reward

Pursuant to the *Public Accounting Act, 2004* and Ontario Regulation 238/05, the provisions of this regulation are applicable on and after May 20, 2007 in respect of any member, firm or professional corporation licensed or authorized to practise public accounting who engages in such practise without fee or other reward.

(10) Definitions

In this regulation, terms have the same meaning as defined in Bylaw 103.

CRITERIA TO BE MET TO BE LICENSED BY THE INSTITUTE AS A PUBLIC ACCOUNTANT PURSUANT TO THE PROVISIONS OF THE *PUBLIC ACCOUNTING ACT, 2004*

Adopted by the Council of the Institute of Chartered Accountants of Ontario, January 31, 2007.

1. That any member who has been admitted to membership in the Institute within the immediate past five years of the date of applying for the public accounting licence be granted such licence if the member, within that immediate past five years,
   (a) passed the UFE; and
   (b) successfully completed the prescribed public accounting experience for licensing as required under the PAC Standard 4, namely, 30 months of structured and monitored practical experience in public accounting and other services acquired in an approved training office under the supervision of a licensees, including a minimum of 2500 chargeable hours in public accounting, of which a minimum of 1250 chargeable hours must have been in assurance work. A minimum of 625 hours of assurance must have been spent in financial statement audit procedures and a minimum of 100 chargeable hours must have been completed in review procedures in review and other assurance engagements. A further 100 chargeable hours within the total of 2500 chargeable hours must have been spent in taxation. (These are the experience requirements that all CA students in Ontario must fulfil pursuant to Institute Regulation I); and
   (c) has completed the Institute's mandatory professional development requirement in activities directly related to the practice of public accounting (a minimum of 20 hours annually of which at least 10 hours must be verifiable, and a minimum of 120 hours in the last three-year period, of which at least 60 hours must be verifiable);

   and the member is an employee, partner or sole proprietor of an existing public accounting practice that has been the subject of a practice inspection resulting in a determination that the practice has maintained an appropriate level of professional standards.

   An applicant who is an employee, partner or sole proprietor of a newly established or soon-to-be established firm or practising office that accordingly has not been the subject of a practice inspection shall be eligible to be granted a licence if he or she has satisfied the Public Accounting Licensing Board that he or she has successfully completed all of the requirements of (a) through (c) above and shall hold such licence, if granted, on the condition that the firm or practising office is the subject of a practice inspection not later than 12 months following the date of issuance of the licence and the inspection results in a determination that the practice has maintained an appropriate level of professional standards.

2. That any member who has been admitted to membership in the Institute by reciprocity* within the immediate past five years of the date of applying for the public accounting licence be granted such licence if the member, within that immediate past five years; has

(a) passed the Chartered Accountants Reciprocity Examination (accounting and assurance standards, the rules of professional conduct, business law and taxation); and
(b) successfully completed the prescribed public accounting experience for licensing as required under the PAC Standard 4 and Standard 7(6), namely public accounting experience, including financial statement audit experience, that is equivalent to the public accounting experience requirement prescribed for CA students; and
(c) completed the Institute's mandatory professional development requirement in activities directly related to the practice of public accounting (a minimum of 20 hours annually of which at least 10 hours must be verifiable, and a minimum of 120 hours in the last three-year period, of which at least 60 hours must be verifiable);

and the member is an employee, partner or sole proprietor of an existing public accounting practice that has been the subject of a practice inspection resulting in a determination that the practice has maintained an appropriate level of professional standards.

An applicant who is an employee, partner or sole proprietor of a newly established or soon-to-be established firm or practising office that accordingly has not been the subject of a practice inspection shall be eligible to be granted a licence if he or she has satisfied the Public Accounting Licensing Board that he or she has successfully completed all of the requirements of (a) through (c) above and shall hold such licence, if granted, on the condition that the firm or practising office is the subject of a practice inspection not later than 12 months following the date of issuance of the licence and the inspection results in a determination that the practice has maintained an appropriate level of professional standards.

* as a member of a substantially equivalent accounting body outside Canada with which the Institute has a Mutual Recognition Agreement

3. That any member who was originally admitted to membership in the Institute, or in another provincial institute as a result of passing the UFE or Chartered Accountants Reciprocity Examination (accounting and assurance standards, the rules of professional conduct, business law and taxation), on a date that is not within the immediate past five years of the date of applying for the public accounting licence be granted such licence if the member, within the immediate past five years, has
   (a) obtained a minimum of 1250 chargeable hours in assurance and/or compilations; and
   (b) completed the Institute's mandatory professional development requirement in activities directly related to the practice of public accounting (a minimum of 20 hours annually of which at 10 hours must be verifiable and 120 hours in the last three-year period, of which at least 60 hours must be verifiable);

   and the member is an employee, partner or sole proprietor of an existing public accounting practice that has been the subject of a practice inspection resulting in a determination that the practice has maintained an appropriate level of professional standards.

An applicant who is an employee, partner or sole proprietor of a newly established or soon-to-be established firm or practising office that has not been the subject of a practice inspection shall be eligible to be granted a licence if he or she has satisfied the Public Accounting Licensing Board that he or she has successfully completed all of the requirements of (a) through (b) above and shall hold such licence, if granted, on the condition that the firm or practising office is the subject of a practice inspection not later than 12 months following the date of issuance of the licence and the inspection results in a determination that the practice has maintained an appropriate level of professional standards.

Appendix E

Number of Licence Renewals where the Applicant has not met the Minimum Criteria

Minimum Criteria	Number of Renewals where the minimum criteria not met
Practice Environment	0
Practice Capacity	0
Continuing Professional Development	0
Eligible Hours	0
Ethical and Independence Requirements	0
Other	0
	0
Related Number of Licence Renewals	0

Summary of Supporting Reasons why the Licensing Board exercised its judgement to renew the licence:

Not applicable